

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 L-03 TRSE-00  
COME-00 /032 R

DRAFTED BY OPIC/GC CFLIPMAN  
APPROVED BY EB/IFD: OIA:RJSMTIH  
OPIC/T: TCLEGG  
EB/IFD/OIA:DVGRANT  
NEA/PAB:DARCHARD

-----119048 192019Z /61

P 191904Z JUL 77  
FM SECSTATE WASHDC  
TO AMEMBASSY DACCA PRIORITY

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FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: BELBAGCO

REF: DACCA 3701 AND PREVIOUS

1. OPIC REPS CHARLES F. LIPMAN, SENIOR COUNSEL, AND THOMAS B. CLEGG, ASSISTANT TREASURER, PLAN DEPART WASHINGTON JULY 22, 1977 AND ARRIVE DACCA 5:00 P.M. JULY 25, VIA IC 223, TO DISCUSS BELBAGCO SETTLEMENT WITH BDG OFFICIALS AND WILL HAVE AUTHORITY TO NEGOTIATE AND SETTLE CLAIM ON BEHALF OF OPIC AND BELBAGCO. DEPENDING ON PROGRESS NEGOTIATIONS THEY HOPE DEPART ON OR ABOUT JULY 30, 1977 BUT WILL EXTEND DEPARTURE IF NECESSARY. PLEASE RESERVE TWO SINGLE ROOMS INTERCONTINENTAL HOTEL.

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2. COUNTRY CLEARANCE REQUESTED. PLEASE CONFIRM HOTEL RESERVATIONS AND COUNTRY CLEARANCE ASAP.

3. OPIC WISHES INFORM BDG OFFICIALS BASIS ON WHICH OPIC IS PRESENTING CLAIM FOR COMPENSATION PRIOR TO ARRIVAL OPIC REPS. THEREFORE, WOULD APPRECIATE EMBASSY RETYPING AND SENDING DURING WEEK OF JULY 18, 1977 FOLLOWING LETTER

EXECUTED BY EMBOFF OR BY RLA ON BEHALF OPIC (ENCLOSING FOLLOWING FINANCIAL STATEMENT AND FOOTNOTES) TO JOINT SECRETARY ABEDIN TO ESTABLISH NEGOTIATIONS STARTING POINT.

(FOOTNOTE NUMBERS IN FOLLOWING FINANCIAL STATEMENT ARE INDICATED BY NUMBERS IN BRACKETS, AND LINES ON SUCH FINANCIAL STATEMENT ARE INDICATED BY ROWS OF PERIODS UNDER APPROPRIATE NUMBERS.)

BEGIN COVER LETTER:

MR. JAINUL ABEDIN  
JOINT SECRETARY, NATIONALIZED INDUSTRIES DIVISION  
MINISTRY OF INDUSTRIES  
SHILPA BHADBAN, MOTIJHEEL COMMERCIAL AREA  
DACCA 2, BANGLADESH

RE: CLAIM OF OPIC/BELBAGCO

DEAR MR. ABEDIN:

REFERENCE IS MADE TO THE COMMUNICATIONS BETWEEN US WITH RESPECT TO THIS CLAIM, MOST RECENTLY OPIC'S LETTER TO YOU DELIVERED JUNE 20, 1977 THROUGH THE COURTESY OF THE U.S. EMBASSY. IN ORDER FINALLY TO SETTLE THIS CLAIM OPIC IS SENDING TWO REPRESENTATIVES, CHARLES F. LIPMAN, SENIOR UNCLASSIFIED

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COUNSEL, AND THOMAS B. CLEGG, ASSISTANT TREASURER, TO DACCA, WHO WILL HAVE AUTHORITY TO NEGOTIATE AND SETTLE THIS CLAIM WITH YOUR GOVERNMENT. THEY PLAN TO ARRIVE APPROXIMATELY JULY 26, 1977 IF THIS IS A CONVENIENT TIME FOR YOU.

PLEASE FIND ENCLOSED A STATEMENT OF FINANCIAL POSITION WITH FOOTNOTES (BASED ON OPIC'S REVIEW OF THE FINANCIAL RECORDS OF BANGLADESH FABRICS) WHICH OPIC PROPOSES AS THE BASIS FOR DISCUSSIONS. THESE FIGURES DO NOT RECOGNIZE THE HIGHER REPLACEMENT VALUE OF TANGIBLE ASSETS NOR INTEREST ACCRUING ON THE AMOUNT OF COMPENSATION FROM THE DATE OF NATIONALIZATION THROUGH THE PRESENT TIME, WHICH ARE APPROPRIATE COMPONENTS OF COMPENSATION UNDER INTERNATIONAL LAW AND WHICH WE WOULD ALSO LIKE TO DISCUSS WITH YOU.

AS MENTIONED IN OUR LETTER TO YOU OF JUNE 20, 1977, ALTHOUGH COMPENSATION SHOULD BE STATED IN U.S. DOLLARS WE ARE WILLING TO CONSIDER ACCEPTING PAYMENTS OVER A REASONABLE PERIOD OF TIME IN THE TAKA EQUIVALENT OF U.S. DOLLARS ON THE DATES OF PAYMENT, ASSUMING THAT THE U.S. EMBASSY WILL THEN BE ABLE TO USE SUCH TAKAS.

WE LOOK FORWARD TO DISCUSSING THESE MATTERS WITH YOU.

VERY TRULY YOURS,

OVERSEAS PRIVATE INVESTMENT CORPORATION

BY: CHARLES F. LIPMAN, SENIOR COUNSEL

(END COVER LETTER, BEGIN FINANCIAL STATEMENT:)

BANGLADESH FABRICS COMPANY

STATEMENT OF FINANCIAL POSITION, MARCH 26, 1972

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ASSETS:

CASH	T		
92,527	US\$	334	(1)
TRADE RECEIVABLES		590,145	77,753 (1)
SU RY RECEIVABLES		232,217	30,595 (1)

INVENTORIES

MFG. GOODS		1,865,522	391,916
STOCK IN PROCESS		40,056 (3)	8,421
STORES & MACHINERY SPARES		1,123,435 (4)	236,016

.....	.....
3,029,043	636,353 (2)

.....	.....
TOTAL CURRENT ASSETS	3,953,932 745,035

.....	.....
FIXED ASSETS	12,000,845 (5) 2,521,186

LESS - RESERVES FOR	
DEPRECIATION	4,042,596 (6) 849,285

7,958,249	1,671,90L (2)
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OTHER ASSETS:	5,934 782 (1)
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TOTAL ASSETS	11,818,115 2,417,718
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LESS - LIABILITIES:

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BANK OVERDRAFT	2,061,690	271,632
ACCOUNTS PAYABLE	245,186	32,304
EXPENSES	656,216	86,458
OTHER	110,070	14,502
LONG TERM LIABILITIES	3,425,987	451,382
.....	.....	
TOTAL LIABILITIES	6,499,149	856,278 (1)
.....	.....	
NET ASSETS	T5,318,966	US\$1,561,440 (7)
.....	.....	
.....	.....	

(END FINANCIAL STATEMENT, BEGIN FOOTNOTES TO FINANCIAL STATEMENT:)

BANGLADESH FABRICS COMPANY  
FOOTNOTES TO MARCH 26, 1972 FINANCIAL STATEMENT

(1) AMOUNTS RECEIVABLE OR PAYABLE IN TAKAS ARE TRANSLATED INTO U.S. DOLLARS IN ACCORDANCE WITH STANDARD ACCOUNTING EVALUATION PRINCIPLES AT THE EXCHANGE RATE PREVAILING ON THE DATE ON WHICH ITS U.S. DOLLAR EQUIVALENT IS TO BE DETERMINED (THE DATE OF NATIONALIZATION) SINCE SUCH AMOUNTS ARE TO BE RECEIVED OR PAID ON SUCH DATE IN SUCH OTHER CURRENCY RATHER THAN IN U.S. DOLLARS. HERE THE EXCHANGE RATE PREVAILING ON THE MARCH 26, 1972 DATE OF NATIONALIZATION WAS T7.59 U.S. \$1.00.

(2) SINCE THE VALUES OF TANGIBLE ASSETS (SUCH AS LAND, BUILDINGS, MACHINERY AND INVENTORIES OF RAW MATERIALS, GOODS IN PROCESS AND FINISHED GOODS) DO NOT FLUCTUATE AS A RESULT OF CHANGES IN THE RELATIONSHIP BETWEEN DIFFERENT CURRENCIES, THE U.S. DOLLAR VALUE OF SUCH ASSETS (AND DEPRECIATION OF THEM) ARE COMPUTED IN ACCORDANCE WITH STANDARD ACCOUNTING EVALUATION PRINCIPLES AT THE EXCHANGE RATE PREVAILING BETWEEN SUCH OTHER CURRENCY (USED

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TO RECORD ACQUISITION OF SUCH ASSETS ON THE BOOKS OF THE ENTERPRISE) AND U.S. DOLLARS ON THE DATES SUCH ASSETS WERE ACQUIRED BY THE ENTERPRISE. (OF COURSE, SUBSEQUENT DEPRECIATION IN THE VALUE OF FIXED ASSETS IS RECOGNIZED; SEE FOOTNOTE (6) BELOW). HERE THE EXCHANGE RATE PREVAILING AT THE TIMES THESE ASSETS WERE ACQUIRED (PRIOR TO DECEMBER 15, 1971) WAS PAKISTAN RUPEES (LATER BANGLADESH

TAKAS) 4.76 U.S. \$1.00.

(3) AFTER DEDUCTING WAR LOSSES OF T2,037,790 FOR RAW JUTE PLUS T246,244 FOR STOCK IN PROCESS. THIS WAR LOSS WAS BASED ON REPRESENTATIONS MADE BY BANGLADESH FABRICS PERSONNEL AND GENERALLY REVIEWED BY U.S. GOVERNMENT PERSONNEL, AS WERE LOSSES NOTED IN FOOTNOTES (4) AND (5) BELOW.

(4) AFTER DEDUCTING WAR LOSSES OF T244,532.

(5) AFTER DEDUCTING WAR LOSSES OF T784,644.

(6) DEPRECIATION ON ABOVE AMOUNT CALCULATED AS T305,411 ON T1,491,331 OF BUILDINGS WITH A 40-YEAR LIFE, PLUS T3,571,024 ON T10,121,993 OF MACHINERY WITH A 25-YEAR LIFE. OTHER DEPRECIATION WAS T166,161 ON T387,521 WORTH OF ASSETS.

(7) U.S. DOLLAR COMPENSATION PAYABLE ON THE MARCH 1972 DATE OF NATIONALIZATION BEFORE GIVING EFFECT TO UPWARD ADJUSTMENT TO REFLECT THE MARCH 1972 REPLACEMENT VALUE OF NATIONALIZED ASSETS AND UPWARD ADJUSTMENT TO REFLECT INTEREST ACCRUED ON THE FOREGOING AMOUNTS FROM MARCH 1972 TO THE DATE COMPENSATION IS PAID.

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(END FOOTNOTES TO FINANCIAL STATEMENT:)

4. ON ARRIVAL OPIC REPS WOULD LIKE TO DISCUSS WITH EMBOFFS ALL FOREGOING POINTS AND RATE OF EMBASSY USE OF TAKAS EXPRESSED IN U.S. DOLLARS. WE UNDERSTAND THAT EMBASSY ANNUALLY USES APPROXIMATELY TWO MILLION U.S. DOLLARS OF TAKAS, AND THAT A LARGE CONSTRUCTION PROJECT IS EXPECTED TO BEGIN NEXT YEAR WHICH WILL INCREASE NORMAL EMBASSY TAKA EXPENSES.

5. THANK YOU AGAIN FOR YOUR ASSISTANCE. VANCE

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## Message Attributes

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